



**Director of
Central
Intelligence**

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National Intelligence Daily

***Friday
2 October 1981***

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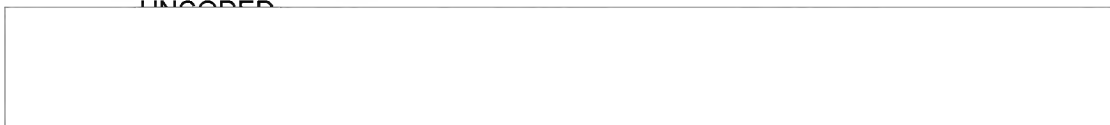


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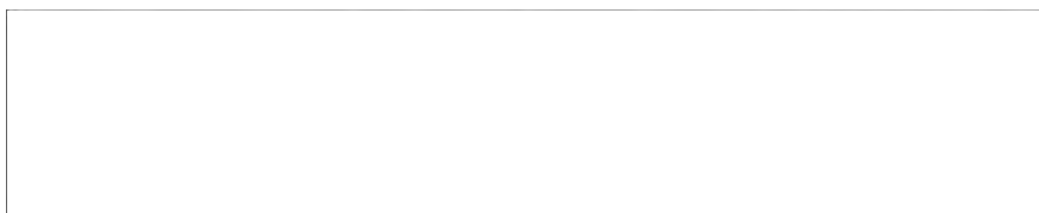


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USSR-POLAND: Soviets Attempt To Reassure West

Moscow appears to be making a concerted effort to reassure the West that it is not planning to intervene militarily in Poland, but at the same time is keeping pressure on the Polish regime for stronger action against Solidarity.

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Soviet Premier Tikhonov in a meeting last week with the visiting West German Economics Minister cited Soviet economic aid as evidence of Moscow's desire for stability in Poland. He added, however, that the Polish Government must restore order. A high-ranking official of the Soviet Central Committee made a similar comment to a West German interviewer, and Soviet Foreign Minister Gromyko told his Canadian counterpart on Tuesday that any suggestion the Soviets are planning an invasion is a "fabrication."

Provocative statements, meanwhile, by militants at Solidarity's congress will give the Soviets and hard-liners within the Polish Government more ammunition. The number-three man in the union hierarchy advocated "radical cuts" in Polish defense spending, and an economics expert called for Solidarity to take full control of the economy to head off food riots this winter. Such extreme proposals, nonetheless, probably will be kept out of the final platform document that the union is slated to approve this weekend.

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Two other militants--Marian Jurczyk and Jan Rulewski--have joined Andrzej Gwiazda in challenging Solidarity chief Walesa for the union leadership. The vote is expected in a few days, and the likelihood that Walesa will win is greater now, with the other three candidates probably splitting the radical vote.

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Rescheduling Agreement

On Wednesday Poland and Western bankers agreed on terms for rescheduling Warsaw's principal payments on commercial debts due during the final nine months of this year. The Poles accepted most of the banks' original terms after failing to reschedule interest as well as principal payments.

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Price Increases

The party newspaper announced yesterday that price increases of 300 to 400 percent for key foodstuffs, gasoline, and utilities would go into effect "soon." The regime appears to be laying more of the groundwork for eventual price hikes and will consult with Solidarity before taking action. The government instituted its so-called Stage I increases for bread and cereal products a month ago and has continually publicized the necessity for other price hikes.

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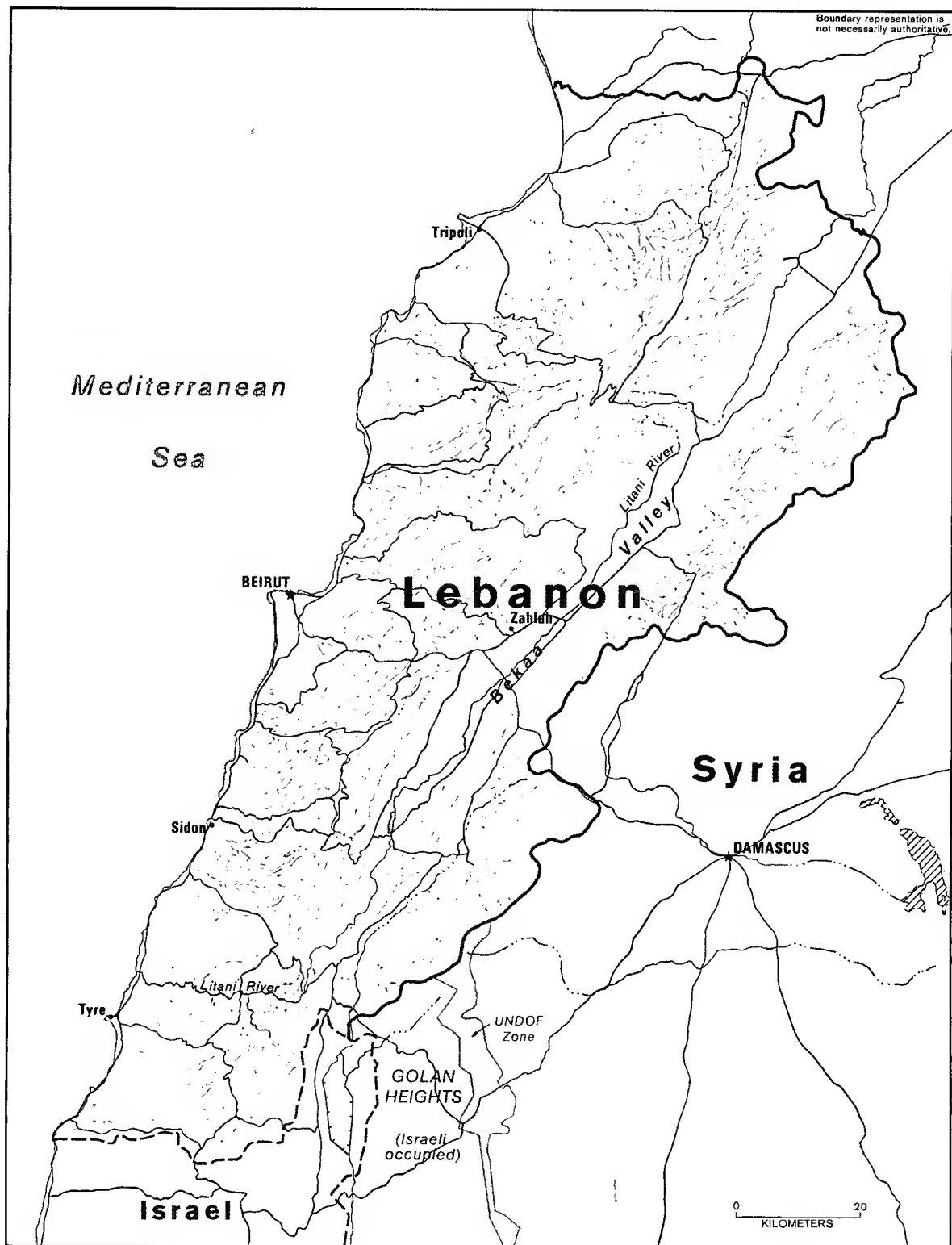
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LEBANON: Violence Continuing

The bombings in Lebanon over the last two weeks appear to be the work of several groups, including Syrian-backed Lebanese leftists, feuding Lebanese Shiites and Communists, and the Christian Phalange.

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No one has yet claimed responsibility for the explosion yesterday in Muslim West Beirut, in which over 200 people were killed or wounded. It occurred in an area where many PLO offices and the headquarters of the Lebanese Communist Party are located.

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The Front for the Liberation of Lebanon from Foreigners, an obscure group suspected of Phalange ties, has claimed credit for most of the earlier bombings. It first appeared last year and has been connected primarily with attacks on Syrian military facilities in the Bekaa Valley and on the road between Beirut and Zahlah. The Phalange, moreover, may have been responsible for the bombing of a cement plant in northern Lebanon in an area controlled by the rival Christian faction headed by former President Franjiyah.

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The incidents have greatly increased tensions in Beirut and demands that the government stop the bombings, which so far have caused nearly 400 casualties. The bombings also will complicate the efforts of the Arab Conciliation Committee, which has made no progress since it last met a month ago.

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IRAN: Presidential and Parliamentary Elections

Ayatollah Khamenei, the Islamic Republic Party candidate, is likely to be declared a landslide winner in the presidential election today regardless of the actual votes cast. The party's candidates for as many as 20 vacant Assembly seats probably will also score similar victories. Party leaders hope such assertions of widespread popular support will help undercut the opposition--led by the Islamic leftist Mujahedin--which has intensified street clashes to show that the new government will not be able to rule effectively. They also want to make it more difficult for maverick fundamentalist factions in the Assembly to force legislative compromises by preventing a quorum.

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